per annuam. Greater competition, standardization of practices with growing experience, increase in volumes of business, etc. are expected to induce the NGOs to lower the rates of interest on micro credit further.

Non-utilization of foreign loans

171. SHRI RAVULA CHANDRA SEKAR REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether Government have to give Rs. 406.28 crore towards commitment fees in the last three years since it failed to utilize the foreign loans from bilateral and multilateral funding agencies; and

(b) if so, the details thereof, year-wise and the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The charge levied by the development partner for committing their fund is called commitment charge. it does not necessarily mean as charge levied for delayed or failed execution of the project. A total amount of Rs. 406.38 crores has been paid as commitment charges in the last three years as follows:

(Rs. in crore)

Funding Agencies	2003-04	2004-05	2005-06
Germany	8.99	2.07	1.85
France	0.021	0.00	0.00
Asian Development Bank	38.22	45.10	53.42
IBRD	40.18	36.11	35.71
IDA	5.72	81.82	57.17
TOTAL:	93.13	165.1	148.15

Merger of financially weak banks

172. SHRI RAVULA CHANDRA SEKAR REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether Government are merging the banks which are in financial losses;

(b) if so, the proposals worked out so far;

(c) whether Government would take into consideration about the welfare of employees while making such decisions;

(d) if so, the details thereof; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) All public sector banks have reported profit for the year ending 31st March, 2006. Further, Government is of the view that a merger proposal needs to emanate from the concerned public sector banks, with Government playing a supportive role as a common shareholder. As regards private sector banks, Reserve Bank of India (RBI) has issued guidelines on voluntary merger/amalgamation between two banking companies or between a banking company and a non-banking financial company (NBFCs) on 11.5.2005 laying down, *inter-alia, the process of merger proposal, determination of swap ratios,* disclosures, the stages at which the Boards will get involved in the merger process, etc. These guidelines are available on RBI website *www.rbi.org.in.*

(c) to (e) While considering any merger proposal, Government/RBI ensures that the interests of the stakeholders and employees of merging banks are adequately protected.

Inflation due to supply constraints in agriculture sector

173. SHRI B.K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether the present inflation spiral is caused by supply constraints in agriculture sector,

(b) whether it is a fact that a higher GDP growth rate beyond 8.00 per cent is accompanied by a corresponding high rate of inflation; and

(c) what steps have been proposed in the current budget to contain inflation to manageable levels?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Sir, the present trend of increase in